

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**WATER DIVISION
Water Branch**

**RESOLUTION NO. W-4458
February 11, 2004**

R E S O L U T I O N

**(RES. W-4458), CALIFORNIA WATER SERVICE COMPANY (CWSC),
STOCKTON DISTRICT. ORDER AUTHORIZING AN OFFSET
RATE INCREASE PRODUCING ADDITIONAL ANNUAL
REVENUES OF \$718,100 OR 3.9% FOR INCREASES IN THE COST
OF PURCHASED WATER AND PUMP TAX.**

SUMMARY

By Advice Letter No. 1591, filed October 24, 2003, CWSC seeks revision of tariff schedule ST-1, General Metered Service, to provide for an increase in revenues. This resolution grants CWSC's request for authority to increase rates by \$718,100 or 3.9% to offset purchased water rates increased by Stockton East Water District (SEWD). This increase is a result of increased costs for purchased water since CWSC's present rates became effective September 9, 2003. The offset rate increase will not result in a rate of return greater than last authorized for CWSC.

BACKGROUND

CWSC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to offset: (1) a \$675,600 increase in purchased water costs, and (2) \$36,100 in groundwater extraction charges (pumping), (3) \$3,600 in franchise taxes, and (4) \$2,800 in related increases in uncollectibles. The higher costs for purchased water was imposed on CWSC by the SEWD.

CWSC's Stockton District serves approximately 41,552-metered customers in the city of Stockton, and vicinity in the County of San Joaquin. The present rates for CWSC became effective September 9, 2003, by Decision (D.) 03-09-021.

DISCUSSION

The offset increases requested herein are for the purpose of recovering in rates, on a dollar-for-dollar basis, changes in expenses that have occurred since the present rates

became effective. This rate increase will not result in a return greater than that previously authorized.

The reason for the above changes is as follows: SEWD increased its wholesale purchased water rates effective April 1, 2003, from the adopted fixed monthly rate of \$285,841.93 to a fixed monthly rate of \$342,145.81. The impact of the increase to CWSC will be \$675,600 per year. Additionally, SEWD increased its Municipal Groundwater Assessment from the adopted rate of \$74.60 to \$78.02 per acre-foot effective January 1, 2003. The pump tax increase results in a \$36,100 annual increase in expense for CWSC. Because of the increase in revenue to recover the increases in purchased water and pump tax, the local franchise tax and uncollectibles will increase by \$3,600 and \$2,800, respectively.

The increases in SEWD's purchased water cost and pump tax are directly related to water consumption and therefore the associated rate increase for CWSC shall be applied to the quantity rates. In order to recover the higher costs, CWSC will increase its quantity charge by \$0.0519/Ccf. The monthly bill for an average residential customer utilizing 1,700 cubic feet of water per month would increase by \$0.89 from \$24.17 to \$25.06, or 3.7%.

Service by CWSC is satisfactory. There are no Commission orders requiring system improvements nor are there any service problems requiring corrective action. CWSC is currently earning 6.64% on a recorded basis, which does not exceed its last authorized rate of return of 8.90% pursuant to Commission D.03-09-021, dated September 4, 2003.

NOTICE AND PROTESTS

CWSC has given public notice of the request for an increase by publishing in a local newspaper of wide circulation in the Stockton District as evidenced by a Proof of Publication provided to the Water Branch by the utility. No protests letters were received concerning the proposed offset increase.

FINDINGS

1. Effective April 1, 2003, SEWD increased its purchased water rates from a fixed monthly rate of \$285,841.93 to a fixed monthly rate of \$342,145.81 resulting in an annual increase of \$675,600. Additionally, SEWD increased the groundwater assessment rate from \$74.60 to \$78.02 per acre-foot, resulting in an annual increase of \$36,100.
2. Due to the increase in purchased water costs and pump tax, local franchise taxes and uncollectibles will be increased by \$3,600 and \$2,800, respectively.

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3. CWSC has requested to increase its quantity charge by \$0.0519/Ccf to offset the \$718,100 in increased costs for purchased water, pump tax, and related increases to uncollectibles and franchise taxes.
4. CWS is currently earning 6.64% on a recorded basis, which does not exceed its last authorized rate of return of 8.90% pursuant to Commission D.03-09-021, dated September 4, 2003.
5. The Commission finds, after investigation by the Water Division, that the changes hereby authorized are justified and the resulting rates are just and reasonable.

THEREFORE IT IS ORDERED THAT:

1. California Water Service Company is authorized, to make effective revised Schedule No. ST-1, General Metered Service, attached to Advice Letter No. 1591, and to cancel the corresponding presently effective rate schedule. The effective date of the revised rate schedule shall be five days after the date of this resolution.
2. California Water Service Company is directed to maintain its balancing account as required by Public Utilities Code Section 792.5.
3. This resolution is effective today.

I hereby certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on February 11, 2004; the following Commissioners approved it:

WILLIAM AHERN
Executive Director

MICHAEL R. PEEVEY
President

CARL W. WOOD

LORETTA M. LYNCH

GEOFFREY F. BROWN

SUSAN P. KENNEDY

Commissioners